(ii) Special shares which are non-voting in nature (as opposed to shares with membership rights) which could be issued even at a premium.

(iii) Redeemable cumulative preference shares, and

(iv) Long term subordinated deposits with maturity in excess of 15 years.

(c) The Group has only recommended that Reserve Bank could suggest to the Government of India to defer the application of income tax on UCBs for a period of three years.

(d) to (f) At present the report has been placed on the RBI's website for eliciting views/comments. The recommendations of the Group would be examined by RBI taking into consideration the feed back received, regulatory requirement of policy implications etc.

Accountability in UCBs

2932. SHRI KAMAL AKHTAR: Will the Minister of FINANCE be pleased to state:

(a) whether the RBI is preoccupied with the concerns of the big, private banks and Nationalised banks and turning a blind eye towards UCBs and has washed its hand-off by just making vision document for UCBs;

(b) if so, the steps taken/proposed to be taken by Government for better regulatory supervision, improved Governance Standards and accountability in UCBs;

(c) the steps taken to simplify the complex controlling structure of UCBs as duality of control is the genesis of all the problems plaguing this sector; and

(d) by when, a clear structure will come into existence so that UCBs can bloom to their full potential?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) No, Sir. In terms of the extant legislative framework in respect of UCBs certain powers like incorporation, registration, elections, management, amalgamation, reconstruction and liquidation of UCBs are vested in the Registrars of Cooperative Societies, while RBI is entrusted with matters relating to interest rates, loan policies, investments, prudential norms, risk managment and issue/cancellation of bank/branch licenses, etc. In comparision with the powers of RBI over

Commercial Banks, the existence of dual control restricts the flexiblity of Reserve Bank in dealing with UCBs facing financial weakness. Further, Reserve Bank of India's Annual Policy Statement, for the year 2004-05, refers to the issuance of fresh licence to UCB Sector. It stipulates that in order to make this sector strong, healthy and stable, fresh licences will be issued only after a comprehensive policy on UCBs, including an appropriate legal and regulatory framework, is put in place. In accordance with the announcement, any fresh proposal for organization of new UCBs or for conversion of cooperative credit societies into UCBs is to be considered only after the situation is reviewed and a fresh announcement is made by Reserve Bank of India in this regard. As a first step, in view of the regulatory co-ordination brought about through signing of MoUs with State Governments and based on the positive experience of the Task Force for Urban Coorerative Banks (TFUCBs), it was proposed in the Mid-term Review to allow financially sound UCBs registered in States that have signed MoU with the Reserve Bank of India and those registered under the Multi-State Co-operative Societies Act, 2002 to convert existing extension counters into full fledged branches subject to certain conditions. Guidelines in this regard have been issued to UCBs on November 13, 2006.

For new branches/licences, RBI has informed that only upon completion of review of each State in regard to the progress of restructuring of UCBs, it would permit new branches/licences.

Foreign AID received by Charitable Institutions

†2933. SHRI DILIP SINGH JUDEV: Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question No. 2922 given in the Rajya Sabha on the 20th December, 2005 and state:

(a) the number of institutions belonging to the Christian missionaries which have been registered as charitable institutions under Income Tax Act as on 31st March, 2006, in Chhattisgarh;

(b) the extent of foreign aid received by these institutions during the last three years;

(c) the number of institutions granted exemption under the Income Tax Act alongwith the extent of such exemption; and

†Original notice of the question was received in Hindi.